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**FRIENDSHIP RIDGE  
PATIENT ALLOWANCE AND PLANT ACCOUNT  
CORRECTIVE ACTION REPORT**

**Finding 1: Plant Fund Bank Account Should Be Under The Control Of The County Treasurer**

The plant fund is county money held in account at National City Bank. The investment authority of the plant fund is under the control of the Fiscal Services Manager of Friendship Ridge.

Per County resolution 123196-50 the County Commissioners authorized the Fiscal Services Manager of the Geriatric Center (now Friendship Ridge) to make investments on behalf of the facility.

This is in violation of section 1762 of the County Code. Section 1762 of the County Code states: "The county commissioners together with the county treasurer shall, from time to time designate, by resolution, a depository or depositories for all county funds to be deposited. Such depositories shall be banks, banking institutions or trust companies, located in the Commonwealth." Section 1762 (c) states "Withdrawals from such depository shall only be drawn by the treasurer, upon properly authorized checks or by other commercially accepted methods of electronic funds transfer which have been specifically approved by the board of commissioners.

Per the County Code the County Treasurer is the only person authorized to withdraw or move county funds for investment or any other purpose.

It was also noted that Friendship Ridge was receiving a lower rate of return on the plant fund than the County was receiving on funds invested by the County Treasurer. Based on testing, an additional \$10,000 in interest would have been earned for the year 2001 if the funds were invested by the County Treasurer in the PLIGIT investment account.

As of September 2002 the Fiscal Services Manager, Administrator, and Payroll Supervisor at Friendship Ridge are still authorized by National City Bank to wire funds between the plant fund and the National City Bank investment account. The most current wire transfer agreement with National City Bank authorizing this was signed by the Chairman of the Board of Commissioners on February 23, 2001.

**Recommendation:**

We recommend that the County Code be followed and the investments authority of the plant fund should be transferred to the County Treasurer

**Corrective Action Implemented:**

**County Treasurer assumed responsibility for all Friendship Ridge investment activity effective August 1, 2002.**

**Date Corrective Implemented:**

**August 1, 2002**

**Finding 2: Funds Are Held In The Patient Allowance Account In The Name Of Patients That Are No Longer At Friendship Ridge**

At June 30, 2002 the patient allowance account had open records for 943 patients that were no longer at the facility. 400 of these patients' records had a positive balance totaling \$153,000. 463 patients' records had a negative balance totaling \$25,000. 80 patients' records had a zero balance.

The patients' records with a positive balance represent patients that left the facility after 1995. These funds are awaiting escheat. If the funds are unclaimed after 7 years, the money will be escheated to the Pennsylvania State Treasurer.

The patients' records with a negative balance date into the 1970's and 1980's. Based on testing of the larger negative balances, it was determined that the facility received income or government subsidy on behalf of these patients. This income was receipted in the facility's general fund. It appears the facility properly paid the funds out to the patient from the patient allowance account to the patient when they left the facility. However, the funds were never transferred from the facility's general fund into the patient allowance account.

It was noted that the patient allowance account is used to house any charges unpaid by the patient or and subsidy that may be due to the patient after they leave the facility until final settlement can be made.

**Recommendation:**

We recommend:

1. All patient allowance records with a negative balance be investigated. Any shortages in the records due to improper transfers should be corrected. Any shortages due to any unpaid charges at the time the patient leaves the facility should be collected. If collection can not be made, the amount should be funded through the general fund.
2. All records with a positive balance where the patient is no longer at the facility be reviewed for accuracy. Facility personnel should attempt to locate the patient or the family of the patient and disburse the funds in accordance with House Bill number 838. This bill delineates the hierarchy for distributing funds.
3. If the facility has lost contact with the patient and their family, the funds should be escheated to the State Treasurer as soon as possible.
4. All records with a zero balance where the patient is no longer at the facility should be closed.

Corrective Action Implemented:

1. Transfers of funds from General to Patient Allowance account to offset negative balances have been initiated effective August 15, 2002. Shortages due to unpaid charges have been referred to Solicitor for investigation and collection. Uncollectable balances are offset by general fund transfers.
2. All positive balances are being reviewed for accuracy and disbursed upon resident's discharge in accordance with HB 838, other applicable regulations and the Friendship Ridge Solicitor's direction.
3. After reasonable efforts to locate family members are exhausted, any remaining funds will be remitted to the MA Estate Recovery Program or escheated to the State Treasurer.
4. All zero balance accounts have been closed.

Date Corrective Implemented:

1. August 15, 2002.
2. Continuing from past and accelerated effective August 15, 2002.
3. Continuing from past and accelerated effective August 15, 2002.
4. September 1, 2002.

**Finding 3: Patient Allowance Account Records Are Not Closed In A Timely Manner**

Patient allowance records for patients that died or were discharged from the facility in January of 2002, 2001, and 2000 were examined. 4 patients from January 2002, 5 patients from January 2001, and 7 patients from January 2000 had active records with a balance as of June 2002.

**Recommendation:**

We recommend patient allowance records be closed in a more timely manner. The management of the facility should monitor allowance account records of patients that die or are discharged from the facility to ensure that they are closed properly and timely.

**Corrective Action Implemented:**

Patient allowance balances will be disbursed and accounts closed in a more timely manner. Fiscal Services Manager will review monthly to insure compliance.

**Date Corrective Implemented:**

November 1, 2002.

**Finding 4: Document Patient Authorization For Disbursements Made By Check From The Patient Allowance Account**

When a patient requests a cash disbursement from their patient allowance account they are required to sign a log to document the disbursement. When the patient requests a check be issued from their account, the patient is only required to verbally authorize the disbursement. A copy of the check is placed in the patient's file. The patient is not required to sign a log authorizing this disbursement.

**Recommendation:**

We recommend the patient be required to sign a log documenting the authorization of all checks issued on the patient's behalf.

**Corrective Action Implemented:**

Residents or designees are now required to sign a log documenting the authorization of all checks issued on the residents behalf.

**Date Corrective Implemented:**

**October 1, 2002.**



**Finding 5: Insurance Premiums Paid On Behalf Of Patients Should Be Paid Through The General Fund And Reimbursed By The Patient Allowance Account**

Patient's insurance premiums are due in advance of the coverage period. The State does not reimburse the patients for the insurance coverage in advance. The insurance premiums are currently being paid out of the patient allowance account. Therefore, the amount in the patient allowance bank account is less than the amount listed on the patients' records.

**Recommendation:**

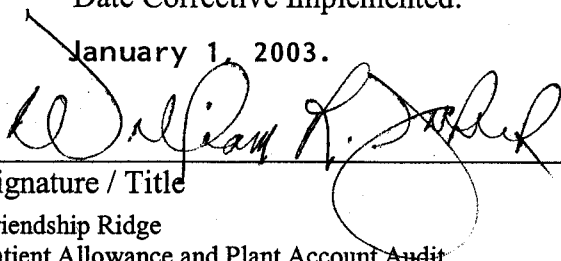
We recommend all insurance payments be made from the general fund. Amounts should be transferred from the patient allowance account to cover these payments when the money is received from the State. The amount in the patient allowance bank account should always equal the total of the patient allowance account records.

**Corrective Action Implemented:**

All resident insurance premium amounts and community spousal shares will no longer be transferred to the Patient Allowance Account but held in the General Fund into which these funds are first deposited. As a result, all disbursements will of necessity come from the General Fund. This will allow more direct reconciliation of the Patient Allowance bank account and associated facility records.

**Date Corrective Implemented:**

January 1, 2003.



Administrator

Signature / Title

October 29, 2002

Date

Friendship Ridge  
Patient Allowance and Plant Account Audit  
Corrective Action Report